

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*

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## PLANS PRESENTED AT GENEVA CONFERENCE

Each of Major Powers Delivers Statement Expressing Its Views on Disarmament Problem

### FRENCH PROPOSE WORLD ARMY

Hold That Peace Can Only Be Enforced by Strengthening League of Nations

All the important countries have now laid their cards on the table at the World Disarmament Conference. Each nation has delivered, through its representative, a statement expressing its ideas on the subject of disarmament. Some have presented concrete proposals detailing the manner in which they think the problem of armaments should be handled. Others have gone no further than to make suggestions and to indicate the sort of agreement which would be acceptable to them. A study of the various statements will reveal serious conflicts of opinion which must in some way be reconciled if the conference is to meet with any success. However, it is only possible within the scope of one article to outline the different proposals and suggestions made at Geneva. An examination of the reasons as to why one country wants this and the other wants that must be reserved for later discussion.

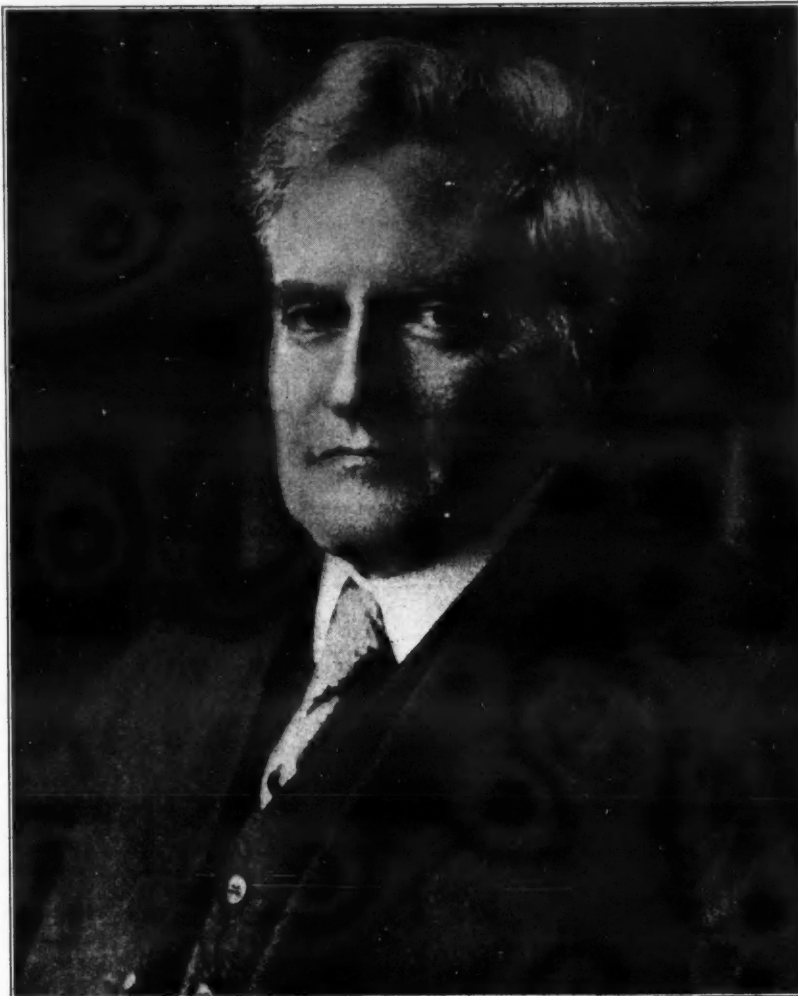
#### FRENCH PLAN

The French were the first to put their plan before the delegates at the conference. Even before the preliminary proceedings were over, André Tardieu, minister of war and head of his country's delegation, delivered an address stating the proposition which France wished to offer. This plan is without doubt the most striking presented at the conference. It is concrete, definite and detailed. It takes an entirely different view of the problem of armaments from any taken by other major powers. It has been termed revolutionary in nature, has been praised by some and condemned by others.

The French Arms Proposals, as they are called, suggest that the only way to enforce peace is to give power to the League of Nations to step in between disputants and to maintain order by force of arms. In order to permit the League to do this the French have proposed that an international army or police force be established under the control of that body. Each state belonging to the League of Nations would be required to contribute to this world army. The contributions would consist of men, ships or aircraft, depending upon the nature of the fighting forces at the disposal of each state. Not every nation would be able to turn over naval vessels, for instance, as some do not possess any.

This police force would be permanently at the disposal of the League which would arrange for its command and determine the manner in which it should be constituted. In case of an emergency, and a threat of war in any locality caused by a dispute between two members of the League, the police force would immediately be sent to preserve order. It would also be used to enforce the recommendations made by the League to its members

(Concluded on page 7)



BENJAMIN N. CARDOZO

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## Judge Cardozo Appointed to Supreme Court As Successor to Justice Holmes

Benjamin Nathan Cardozo, chief judge of the Court of Appeals of New York, has been appointed by President Hoover to succeed Oliver Wendell Holmes as an associate justice of the United States Supreme Court. This is one of the most popular appointments the president has ever made. The demand for Judge Cardozo's elevation to our highest court was almost universal. It came from all sections of the country and all shades of opinion were represented among those who called for the appointment of the great New York jurist. Judge Cardozo is sixty-one years old, having been born in 1870. He was graduated from Columbia College in 1889 and received the degree of master of arts from the university the following year. At the age of twenty-two he was established in the practice of law. He has been on the bench since 1913. In 1926 he was elected to the position from which he is now retiring by the vote of both political parties. He is a Democrat, but has not engaged actively in politics. He is a Jew of Portuguese descent.

Judge Cardozo has won distinction because of the breadth of his learning, the philosophical turn of his thinking and the clarity and forcefulness of his writing. He is generally recognized as a liberal, as was his predecessor, Justice Holmes. In making his decisions he has respect for precedent and yet he is not subservient to past decisions, if, under changed conditions, the deciding of a point of law in accordance

with the old precedent would defeat the ends of justice. He undertakes at all times to interpret the law so that justice will be maintained and human rights and needs protected. He is thus set apart from those judges who follow precedents blindly.

The Supreme Court is now made up of five Republican justices—Chief Justice Hughes, and Justices Stone, Sutherland, Roberts and Van Devanter—and four Democrats—Justices Butler, McReynolds, Brandeis and Cardozo. The party line-up is really unimportant, however, as questions involving party politics seldom reach the Court. Of more significance is the division between liberals and conservatives (THE AMERICAN OBSERVER, October 28). Three justices, Stone, Brandeis and Cardozo, are definitely liberal. Two others, Chief Justice Hughes and Justice Roberts usually act with the liberals; and Justices Sutherland, Butler, Van Devanter and McReynolds, are definitely conservative.

Senator Wagner of New York expresses a very general impression of Judge Cardozo in the following words: "Like all great judges, Judge Cardozo possesses that indefinable quality which we call statecraft. His long service in the highest court of the state of New York is one long series of illustrations of that quality. In his mind the law is a living force, growing, developing always, clearing new tracts through the confusing mass of changing conditions to reach the goal of justice."

## CONGRESS RUSHES NEW BILL TO HELP BANKS

Glass-Steagall Measure Would Give Greater Power to Federal Reserve System

### WOULD STOP BANK FAILURES

Bill Modifies Banking Laws to Make New Loans Possible and to "Free" Gold

The middle of February was characterized by sudden and unusual activity in the business life of the nation. The New York Stock Exchange, which during recent weeks had been in a state of rapid decline, became feverishly active. Prices of stocks and bonds shot upward. In two days the market value of securities on that exchange increased by more than five billion dollars. In some instances individual shares of stock were selling for \$14 more than previously. The produce and commodity markets followed a like trend. The price of wheat, rye and oats rose to the highest levels in several weeks on the Chicago Board of Trade, the central grain market of the nation. Cotton, rubber and silver made an about-face movement and commanded higher prices than previously. Many prominent bankers, financial leaders and government officials expressed hope that perhaps the so-much-talked-of corner of prosperity had been turned and that the country was on the road to better times.

#### IS IT THE TURN?

This is, of course, not the first time such conditions have come about and such predictions have been made since the depression set in. On various occasions during the past year similar activity on the nation's markets has been noted and many people thought they saw the return of prosperity. Such was the case last June when the Hoover moratorium was announced. Business began to take on renewed life. In October, another upward movement followed the announcement of a plan of the government and leading bankers to render assistance to the weak banks of the nation. Only last month, prices on the New York Stock Exchange went up when it was learned that Congress was to authorize the creation of the Reconstruction Finance Corporation to help the business situation. But after each of these movements, the markets have once more slumped back into a slough of depression. Whether the present condition is of a more permanent nature cannot be foreseen. However, a spirit of optimism, temporarily at least, has dispelled much of the gloom of recent weeks.

#### GLASS-STEAGALL BILL

The cause of this sudden and unexpected change was the announcement made in Washington that Congress was to consider a bill designed to relieve the business situation by giving renewed strength to the banking structure of the country. The Glass-Steagall bill was introduced into both houses of Congress at the suggestion of President Hoover after several conferences with financial and political leaders of high standing. It was a new emergency measure deemed necessary during such a critical period of the depression when people were losing confidence in the banks throughout the country because of the unusually large number of failures.



The Glass-Steagall bill involves a change or modification of the banking laws of the United States. It would permit special loans to banks badly in need of funds to tide them over a difficult period and it would economize the use of the nation's gold supply. So important was the measure considered by both houses, that they pushed all other business aside and embarked immediately upon a discussion of it. The House of Representatives passed the bill with almost unprecedented speed—after three hours of debate. The Senate likewise gave it preference over all other matters except the Costigan-La Follette relief bill which was ready for a vote.

In view of the importance attached to this measure by business leaders and government officials

and in view of the immediate effects the announcement of it had upon financial conditions, it is well to see what changes in our banking structure are provided. The bill is of necessity somewhat technical because it deals with basic principles and practices of the commercial banking system. We must therefore see briefly how the system operates today, how it will operate under the provisions of the Glass-Steagall bill, and the possible effects of the change upon general conditions throughout the nation. In order to do this, we must first turn our attention to the Federal Reserve System, which governs individual banks in every town and city of the United States.

#### RESERVE SYSTEM

The Federal Reserve banks are not banks in the usual sense of the word. They do not deal directly with the public but are bankers' banks. A person may not take his funds to a Federal Reserve bank and deposit them. But the Federal Reserve banks were set up to help individual banks of the nation. Their capital, or the funds with which they operate, was furnished by banks which supplied money from their surplus or capital. The stockholders of the Federal Reserve banks are, therefore, banks instead of private individuals, as is the case with the ordinary bank.

There are twelve of these reserve banks located in various parts of the country—in Boston, New York City, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco. Each Federal Reserve bank meets the member banks of its particular district. Branches in other cities facilitate transactions with banks in smaller cities.

These twelve reserve banks are closely associated with the United States government. In fact, they are controlled by the national government. The officers in charge of the entire system, known as the Federal Reserve Board, are appointed by the president of the United States. The secretary of the treasury is an ex-officio member of the board of directors which presides over the affairs of the entire system.

The Federal Reserve banks perform two principal functions. They lend money to banks and they issue paper currency, known as Federal Reserve notes. It is with these two functions only that we are now concerned. It is in connection with the provisions governing these operations that the Glass-Steagall bill has introduced modification. We shall see first how loans, as prescribed by law, are made by the Federal Reserve banks to member banks.

#### ITS FUNCTION

Let us take the case of some particular bank—a bank, we may say, in Albany, or Council Bluffs, or Alhambra. It does not, of course, keep in its vaults all the money that has been deposited with it. It keeps a

certain amount, as much as will probably be necessary to meet the demands of depositors who, for one reason or another, may wish at a moment's notice to withdraw their money. But a great part of its funds it lends to its customers. It is one of the

primary functions of a bank to make loans to manufacturers, merchants, or other business men.

A wholesale shoe dealer, we will suppose, wishes to borrow money to carry on his operations. He gives a promissory note to the bank, due in 30 or 60 or 90 days, which the banker discounts, giving the borrower the face value of the note less the interest charge. The banker believes that the note will be paid at maturity because the merchant is engaged in commercial dealings.

He has shoes in stock and he also is to receive money in 30 or 60 or 90 days from retail merchants, who have made purchases from him. Our banker, it should be noted, while he does not have a great deal of cash on hand, does have the promise of receiving cash in 30 or 60 or 90 days. This promise is backed up by notes which are called commercial paper.

Now, let us suppose that the banker needs money immediately because those who have money deposited in his bank are withdrawing it to carry on their own business or possibly because they are uneasy and wish to hoard the money. The banker then needs the money right away. So he turns to the Federal Reserve bank in his district for a loan. The Federal Reserve bank will lend him the money but it must have security. So the banker turns the notes of his customers—this commercial paper—over to the Federal Reserve bank as security. The Federal Reserve bank discounts the note, because it believes that in a short time the note will be repaid. It issues paper money, known as Federal Reserve notes and sends this money to the banker, taking out a certain per cent as interest. (The interest now charged is  $3\frac{1}{2}$  per cent.) So it sends the banker \$96.50 for every \$100 worth of notes he sends in. The banker takes the money and pays it out to the depositors who are demanding it.

#### EFFECTS OF DEPRESSION

In ordinary times this is all that is required to provide the necessary cash for business needs. But the system does not work very well at a time of depression such as the present. The banker often finds that he does not have very much of this so-called commercial paper on hand. He has a large part of his funds tied up with other kinds of loans which are not so sure to be paid at an early date. Moreover, much of the commercial paper may be slow of payment, owing to the depression and the resulting losses.

Why does the banker not turn these other notes and mortgages over to the Federal Reserve bank and get them discounted when in need of additional funds? The reason is that the Federal Reserve banks will not lend him the money on that kind of security. It is forbidden by law to do so. The idea behind this law is that the Federal Reserve banks should keep their assets liquid, that is, should not tie up their money in loans

which they cannot collect in a short time.

The situation which has confronted many banks during recent months has been complicated because certain assets could not legally be used as a basis for borrowing at the Federal Reserve banks. Hundreds of banks have failed not because they did not have enough assets to meet the demands of depositors but because they could not realize quickly on their assets. They have had much of their money out in loans which would be good in time but which they could not legally borrow on at the Federal Reserve banks.

The situation has been made worse by the fact that depositors in many cases have been taking out their money in unusual amounts. These depositors have been scared. They have heard of bank failures and have feared that their funds were not safe. So they have gone to the banks and have called for their money. The banks have not been able to pay them because of the way they had their funds tied up, and so the banks have been obliged to close their doors. This is the story of hundreds, or even thousands, of banks.

Under the circumstances, would it not be a good thing to change the law and allow the Federal Reserve banks to lend the member banks money on the security of these non-commercial assets? Has not the restrictions on loans to member banks been made unduly severe? Has not the law, in fact, been defeating its very purpose, namely, to aid banks in distress?

#### NEW BILL'S PURPOSE

This is what Secretary of the Treasury Mills, Eugene Meyer, chairman of the Federal Reserve Board, and President Hoover have apparently come to believe. They have urged this view upon members of Congress and particularly Senator Carter Glass of Virginia, who was one of the authors of the law creating the Federal Reserve system and who is recognized as the outstanding financial expert in the Senate. Senator Glass has admitted that something must be done, as an emergency measure, and he and Representative Steagall have introduced the Glass-Steagall bill for modifying the Federal Reserve system.

In brief, the Glass-Steagall bill provides that an individual bank may borrow from a Federal Reserve bank on its own promissory notes backed by customers' notes, mortgages, or bonds as collateral. It also provides that a group of not less than five banks may, so to speak, pool their resources and jointly borrow from a Federal Reserve bank, giving a note backed by collateral as security. In both cases the collateral has to meet with the approval of the officials of the Federal Reserve bank of the district where the loan is sought and

also of the Federal Reserve Board in Washington.

It is thought that this modification of the Federal Reserve Act will almost completely check the failure of banks whose assets are sound but at present unliquid. When a bank's depositors ask for money the bank will be able to secure funds from the Federal Reserve even though it does not have commercial paper available for rediscount. Because of this improvement in the condition of individual banks they will also be more willing to make loans to customers, because they need no longer fear that they will run short of ready cash.

The Glass-Steagall bill makes a second important modification in the Federal Reserve law. It provides for the "freeing," or release, of large quantities of gold now held by the Federal Reserve banks. Let us see how this is to be accomplished.

The Federal Reserve Act had provided that Federal Reserve notes should be backed either by the commercial notes of borrowers plus 40 per cent in gold, or by 100 per cent gold reserve without commercial paper. Because of the shortage of available commercial paper a large number of notes have in fact been secured dollar for dollar by gold. Because of this fact the total gold held by the Federal Reserve banks has recently been equal to about 70 per cent of the Federal Reserve notes outstanding.

The new bill makes it possible to use government bonds plus a 40 per cent gold reserve as security for note issues. This releases 60 per cent of the gold that is now held as dollar for dollar security for reserve notes and frees it for other uses.

This is particularly important because of the continued withdrawals of gold from this country by foreigners, who have been fearful lest the gold standard was not to be maintained. The amount of gold that has been freed by this act is estimated at \$703,000,000; and we are now in a position to meet any conceivable drains upon our gold stock.

#### TRAINING AVIATORS

The training of aviators is one of the most costly items in the navy budget. Rear Admiral Moffett, chief of naval aeronautics, estimates that it takes \$18,000 to train a Naval Academy graduate to fly and navigate. However, thirty per cent of naval aviators are simple enlisted men, without the preliminary training of the Annapolis ensigns. The House Naval Committee proposes to discharge one-third of the enlisted men who form part of the flying corps, as the expense of training them is \$1,000 greater per man than for the Academy graduates.



CARTER GLASS

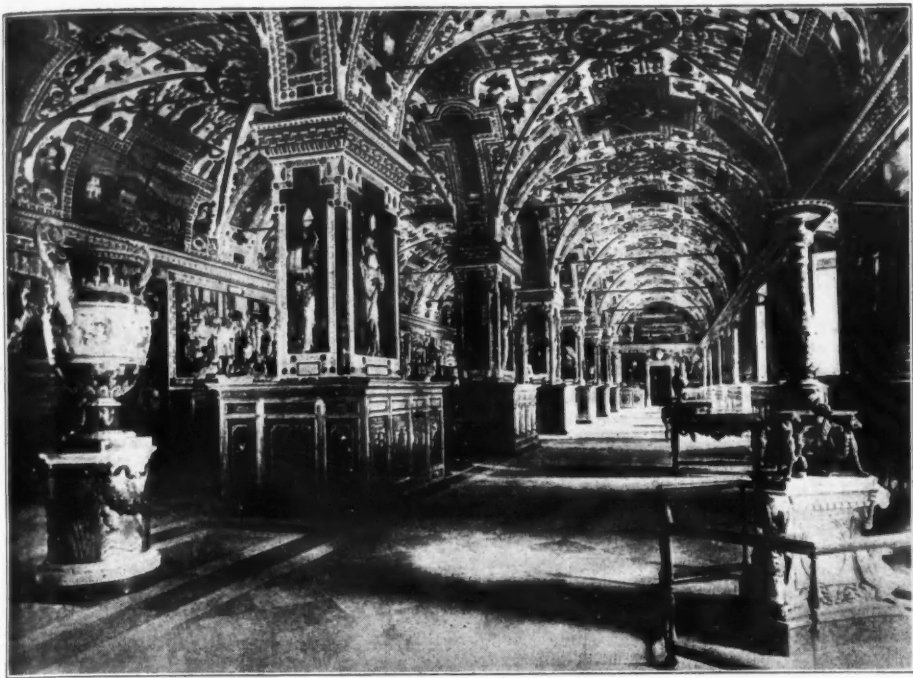
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THE FINANCIAL HEART OF THE NATION  
Historic Wall Street in New York—the pulse which registers the financial and industrial condition of the country.

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THE SISTINE GALLERY IN THE VATICAN  
One of the most magnificent edifices throughout the world, the Vatican has for centuries been the residence of the pontiffs of the Roman Catholic church.

W. W. Photos

## Mussolini's Visit to Vatican Important Development in Church-State Relations

It was with all the splendor, pomp and ceremony of medieval times that the head of the Roman Catholic church and the head of the Italian government came together on February 11. Pope Pius XI and Benito Mussolini met on an unusually solemn occasion. Signor Mussolini entered the sacred portals of the Vatican to seal a peace with the Roman pontiff—a peace which will probably go down in history as a memorable event. It was in fact the first time in more than sixty years that the head of the Italian government had been ushered into the sanctity of the holy father's presence. Moreover, it was the first time that Mussolini and the pope had ever met face to face and talked as one man with another.

The date of meeting was well chosen. It was a national holiday important in the lives of all Italians. The streets of Rome were filled with thousands of people gathered to celebrate "Lateran Day," a newly established day of rejoicing. As the masses gathered on either side of the street to watch the state procession pass through the gates of the Vatican city, the state of the church, they recalled with joy and enthusiasm that it was an important day in their national life. Not only was the day significant to them as Italians but also as Catholics. For it was three years previous—February 11, 1929—that an important treaty had been signed between their government and their church, bringing to an end a dispute which had been a constant source of ill-feeling since 1870.

The people well remembered that it was just three years before that one of the smallest independent states in the world—the city of the Vatican—had been brought into being. The head of the church was given complete authority over this state within a state, for the territory of the church is in the very heart of Rome. It was the Lateran treaty which had restored this area to the pope as a sign that the quarrel between the kingdom of Italy and the Catholic church had come to an end. During fifty-eight years before that treaty the head of the church had remained a "prisoner" in his domicile, the Vatican. He voluntarily retired therein on May 15, 1871, as a sign of protest against the action of the new kingdom of Italy which had sent its army into Rome and taken the territory from the church. Prior to that time, the pope had ruled several provinces of Italy called the Papal States, but this authority was taken from him. Five popes lived in seclusion, refusing to put their feet on Italian soil.

This was ended by the Lateran treaty. The church was given a definite area over which it was to have authority. It was compensated for the loss of territory sustained in 1870. It was given the right to exercise its spiritual powers throughout Italy. The various organizations of the church designed to educate the youth of the country along religious and spiritual lines were permitted to function in all Italy.

But the signing of the Lateran treaty was not the only cause for enthusiasm among Italians at the meeting of the chief of their state and the chief of their church. They recalled only too vividly that all had not gone well during the past three years. Only last summer, relations between the church and the Italian government were strained almost to the breaking point. The people at that time began to believe that all their hopes that the age-old problem of church and state had been solved were shattered. For during three and one-half months bitter strife between the two prevailed. The Catholic church accused the government of violating its promises made in 1929 and the government accused the church of a like offense. The civil authorities believed that the church, through one of its strongest organizations, the Catholic Action, had been spreading agitation against the government. The conflict centered upon the education of the youth of Italy. The pope, as head of the church, claimed the right to direct the education of the young. Mussolini, as head of the state, would tolerate no interference from the church in matters of education not pertaining to spiritual and religious matters. It was a period of bitter feeling on both sides.

But that dispute was settled in September. Authority of the church to direct the spiritual activities of the youth of Italy was recognized. The right of the state to supervise all other matters of education was to be respected. The storm had subsided and the two states resumed cordial relations again.

All these events occurred without any personal conference or conversation between the two men in highest au-

thority. The pope and Mussolini had not met to negotiate the Lateran agreement. They had not come together when the dispute of last summer was settled. Yet the two men had lived within the vicinity of each other for ten years. They had both lived in Milano, in northern Italy, before going to Rome to assume power in their different fields. But on "Lateran Day" they sat side by side and talked as man to man to demonstrate to the thousands below that their past differences had been forgotten and to seal the peace established between church and state.

### MEMORY NEEDED

The nineteen telephone operators in the Chinese district of San Francisco are known as the most extraordinary group of girls in the business. There are 2,300 phones in the Chinese quarter, and the girls must know all the names by heart. When Charley Lee wants to call up his friend,

Tom Hoy, he takes the receiver off the hook and asks for Tom Hoy. The operator must know his number, and make the connection. The reason for this is that there is no way of tabulating names and numbers in Chinese. Besides this, the girls must be able to understand and converse in the five dialects of Cantonese used in the city.

### TAX EVASION

An interesting case came up a short time ago in a government Customs Court. It seems that a sugar refining company in Savannah, Georgia, had attempted to evade payment of full taxes on sugar imports from Cuba by having it sent over dissolved in water. It was thus called syrup. The import tax on sugar is almost two cents a pound, whereas, the syrup tax is quite small—a quarter of a cent a gallon. When the first shipment came in, the Customs officials taxed it as syrup, the total charge amounting to \$168. Soon after, however, they reversed their decision and taxed it as sugar, the second bill totaling \$168. The refinery took the matter to the court, where it was decided that as the practice was obviously an artifice to dodge the tax, it could not be allowed. If this method of importing sugar were legalized, the annual revenue from customs taxes would drop more than \$100,000,000.

## THOUGHTS AND SMILES

Inasmuch as the Bicentennial celebration of the birth of George Washington has just begun, we are devoting our column this week to thoughts taken from the writings and speeches of our first president.

I think the country never stood more in need of men of abilities and liberal sentiments than now.

If the House is divided, the fabric must fall.

As the sword was the last resort for the preservation of our liberties, so it ought to be the first thing laid aside when those liberties are firmly established.

No punishment, in my opinion, is too great for the man who can build his greatness upon his country's ruin.

The game is yet in our hands. To play it well is all we have to do.

Be courteous to all, but intimate with few; and let those few be well tried before you give them your confidence.

My first wish is to see this plague to mankind (war) banished from off the earth.

I want an American character.

I have found no better guide hitherto than upright intentions and close investigations.

If nothing impeaching my honor or honesty is said, I care little for the rest.

Every step should be explored before it is taken, and every word weighed before it is uttered or delivered in writing.

The nation which indulges towards another an habitual hatred or an habitual fondness is in some degree a slave.

When we assumed the soldier, we did not lay aside the citizen.

Let us raise a standard to which the wise and honest may repair.

To share a common lot and participate in the inconveniences which the army are obliged to undergo, has been with me a fundamental principle.

While we are contending for our own liberty, we should be very cautious not to violate the rights of conscience in others.

**PRONUNCIATIONS:** Hohenzollern (ho'-en-tsol-ern—first o as in hoe, second as in hot), Angell (ain'-gel—g as in gem), Memel (mem'-el, or meem'-el), Boettcher (but'-scher—u as in burn), von Hindenburg (fon hin'-den-burg—u as in rule), Steagall (stee'-gall—a as in altitude), Eamon de Valera (ay-mon—o as in monkey; da—a as in final; vah-lay'-ra—last a as in final).



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THE ETERNAL CITY—FROM ST. PETER'S

For sixty years, Rome has been the capital of the kingdom of Italy. During that period there have been many quarrels between church and state.



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WEDNESDAY, FEBRUARY 24, 1932

### REVIEW OF THE WEEK

AT A moment when events of great importance were happening throughout the world, the political situation in France was thrown into confusion, and as a consequence the state of international affairs became disturbed and uncertain. On February 16, the French Senate caused the resignation of Premier Laval and his cabinet, by refusing to give him a vote of confidence. M. Laval had asked the Senate to adjourn for ten days because of the important developments awaited at Geneva. The nations were then engaged in preliminary discussions on the problem of armaments, and M. Laval was anxious to set aside troublesome and disturbing internal questions until the atmosphere at Geneva had cleared. But the Senate refused to hear his plea, and on a motion of confidence voted against the premier, the count being 157 to 134.

M. Laval immediately announced that he would place his resignation, and that of his entire cabinet before President Doumer. This he did, and the president took up the difficult task of forming a new ministry. There was no certainty as to who would be chosen to form a new government.

It is not thought that the change in the ministry will bring about any immediate alteration in France's foreign policy. This is expected to remain the same until the general elections are held, probably in April. It is said, however, that M. Laval's defeat reflects a trend away from the nationalistic policies of his government and toward a general policy of greater cooperation with foreign countries. In recent weeks the sentiment against M. Laval had been increasing because of the feeling that his policies were losing France the friendship of other nations.

IT WAS expected last week that Shanghai would be the scene of more serious and intense fighting than at any time since Japan first began her advance on the city on January 28. Both Chinese and Japanese forces were preparing to engage in heavy battle. The Chinese had obtained reinforcements and brought the number of

their troops up to 50,000. Similarly, transport after transport brought additional Japanese forces to the city. It was estimated that these numbered between 25,000 and 35,000, with still more awaited. A fight to the finish was in prospect.

Meanwhile developments were taking place with rapidity in the various world capitals. At Geneva, the Council of the League of Nations decided to send a final appeal to Japan, requesting that hostilities cease. It was reported that the United States had agreed to cooperate in this step. The Council had received a demand on the part of China that the full Assembly of the League of Nations be called into session in order that all states, which are members of the League, might consider the dispute. There was no indication as to whether the Council would accede to this request. The League was facing the climax of the crisis which has been confronting it since the beginning of the Far Eastern incident. The moment seemed to be rapidly approaching when it would be forced to apply article XVI of the Covenant. This would mean that all the member states would cease to have any relations, diplomatic, financial, or commercial, with Japan, and the Council would undertake to recommend the measures they should take to bring peace to the Far East. The League has been hesitant to go so far, not knowing if the United States would cooperate, and fearing that the boycott if ineffective, would be a crushing blow to its prestige.

While these things were happening at Geneva, London was debating the steps it should take. The British government was wondering if it were advisable for the nations to run the risk of war with Japan, by severing diplomatic relations, or whether they should allow the League to be ruined by pursuing a policy of inaction. London, too, was anxious to know if the United States would cooperate in a movement to bring Article XVI of the League Covenant into force.

At the same time, Secretary Stimson was anxiously following the course of events in the Far East. The news that the Japanese had been using the International Settlement as a base for the landing of troops, was received with concern. The American and British consuls had joined in protesting to the Japanese authorities against this action. All these reports served to increase uneasiness over the safety of foreigners in the Settlement. And there was all the more reason for concern because a few days before it was reported that an American vice-consul and a Chinese woman, who was an American citizen, had been attacked by Japanese in the Chinese section of Shanghai. The Japanese were quick to offer apologies and pledged themselves to punish the offenders, but nevertheless Washington could not but be gravely concerned over the safety of its citizens.

Such was the situation at the middle of the month. Developments were taking place so quickly that it was impossible to forecast what the next few days might bring. The general feeling that anything might happen prevailed. Northward, in Manchuria, plans were being made for the formation of a Manchurian federation which was to be practically independent of China, and, it was suspected, under Japanese control.

AN important report dealing with unemployment insurance was made public last week. It announced the result of an investigation which has been conducted by official representatives of six industrial states. Last year the governors of New York, Massachusetts, Rhode Island, Pennsylvania, Ohio, New Jersey and Connecticut met to discuss the unemployment problem. As a result of this conference a commission was appointed, one member being chosen by each of the governors. The representative

from Rhode Island did not participate in the work of the commission, but the other six members, under the chairmanship of Leo Wolman, well known authority on labor problems, studied the various plans of unemployment insurance which are in operation in different parts of the world, and then recommended the plan which seemed best suited to conditions of American industry.

The commission proposed that each state should enact a law providing that every firm employing six or more persons should be obliged to set aside two per cent of the total amount paid to employees as a reserve fund out of which payments should be made to workers in times of unemployment. It is suggested that after the reserve fund reaches the amount of fifty dollars per employee, the amount of the contribution shall be cut down and that it shall cease altogether after the firm has succeeded in putting by as much as seventy-five dollars per worker. The unemployment benefits shall be paid only to workers whose income is less than \$200 a month. It shall be paid for not more than ten weeks within any year and it shall not exceed ten dollars a week. This is held to be a moderate form of unemployment insurance. It does not call for contributions by the state or by employees, but only for a limited contribution from employers. It is not claimed that this plan would take care of unemployment during a time of depression, but it is thought that under ordinary circumstances it would lessen the hardships incident to irregular employment.

Governor Roosevelt immediately recommended the enactment of a law in his own state putting this plan into effect. The Republicans of the New York legislature at once voiced their opposition to the proposal, declaring that no effort should be made to put it into effect during the present period of unsettlement.

GERMANY is in the midst of a presidential campaign. The election will be held on March 13 and it is being contested with unusual bitterness. This campaign is not to be compared with the one which is under way in the United States. In this country the battle is between two parties which are so similar in principles that a foreigner would have a hard time in explaining their differences. It is not the easiest thing in the world for an American to distinguish them. In Germany the different parties stand for wholly dissimilar forms of government. The Communists desire the overthrow of the present system altogether and the establishment of a state of things like that which prevails in Russia. The Nazis, or followers of Adolf Hitler, would overthrow the Republic and establish a dictatorship somewhat similar to that of the Fascists in Italy. The parties which stand between these extremes are for maintaining the Republic and for continuing policies similar to those carried out during recent years.

The moderate parties have prevailed upon President Paul von Hindenburg to be a candidate for another term. When he was elected seven years ago he was a monarchist by association and sympathies, but he has stood stoutly for the preservation of the Republic and he has upheld a policy of moderation in domestic and international politics. Since he is a military hero who holds the affection of the German nation he is unquestionably a stronger candidate than any other the moderates might name. He is eighty-four years old and, if he should be elected, his term of seven years would carry him to the age of ninety-two. But in spite of his age he has consented to be a candidate on account of the grave emergency.

He will be opposed by the Hitlerites and Communists. The German constitution provides that a candidate, in order to win election to the presidency, must receive a majority of all votes cast in the



HE'S NOT GOING TO BE LATE FOR  
THE BIG SHOW  
—Harry in Philadelphia INQUIRER

election. If no candidate receives a majority, there must be another election. The Hindenburg supporters have confidence that he will receive more than the combined vote of his opponents and that he will be elected on March 13. He stands out as a great force for stability among the German people. If he were not in the race there would probably be a deadlocked election and serious political disturbances.

THE Norris "lame duck" resolution, calling for the submission of an amendment to the Constitution changing the date upon which Congress should assemble after election and upon which the president and vice-president should be inaugurated, passed the House of Representatives last week by an overwhelming vote. It had already passed the Senate in a slightly different form. It seems certain that an agreement will be made between the Senate and the House and that the amendment will be submitted to the states for ratification. We shall discuss this proposal at greater length in THE AMERICAN OBSERVER as soon as it is acted upon definitely. At this time we shall merely outline quite briefly the terms of the House resolution.

This proposed amendment, as passed by the House of Representatives, provides that Congress shall assemble each year on the 4th of January, unless a different day shall be determined by law. The president and vice-president shall be inaugurated at noon on the 24th day of January. If a president has not been elected before the date when the new administration is to be installed, or if the president-elect fails to qualify, the vice-president-elect shall act temporarily as president, and Congress may "provide for the case where neither a President-elect nor a Vice-President-elect has qualified, declaring who shall then act as President, or the manner in which the qualified person shall be selected and such persons shall act accordingly until a President or Vice-President has qualified."

THE Irish Free State, one of the dominions of the British Empire, suddenly came into the news last week. It was in the midst of a general national election. The government in power, under the leadership of President William T. Cosgrave, was fighting for its very life. Its right to remain in office was being seriously challenged by the picturesque Eamon de Valera and his forces, who played such a prominent role in the affairs of Ireland before the days of independence when that country was trying to sever the bonds which united it to Great Britain. It is largely because of the close contest between these two candidates that the election has been attracting great attention.

The campaign has been accompanied by many disturbances throughout the Irish Free State. The supporters of de Valera, largely comprised of youth of the country, have staged demonstrations against the government. One of the candidates for reelection to the Irish Parliament was slain. It was in view of such disturbed conditions that troops were placed at the polls.



THE ECLIPSE

—Talbot in New York WORLD-TELEGRAM



## THE LIBRARY TABLE

### WAR CAUSES

*The Unseen Assassins*, by Norman Angell (New York: Harper and Brothers, \$3.00).

Many years ago, on the eve of the World War, Norman Angell published a book entitled *The Great Illusion* in which he sought to show that in modern conditions warfare cannot bring benefits even to the victor. In earlier times, he argued, it was possible for an armed band to fall upon a neighboring tribe or country and carry off all the cattle, precious metals, and other moveable goods, and perhaps enslave the captives taken in battle. In such circumstances there was always a possibility of substantial gain in a military expedition, and war often "paid" those who engaged in it. But the introduction of steam and machinery has changed the primitive economy of agriculture into a huge complex of industries. In this new age nations derive great advantages from peaceful trade and intercourse with rich and prosperous neighbors. Peace favors the prosperity of all. On the other hand, war disrupts commerce, destroys property, and introduces hatreds which interfere with normal exchange of goods and helpful ideas. A victor in war today cannot carry off factories, mines, and stores. At best the amount of moveable goods in any country is relatively small. Wealth can only be turned out in large quantities when the machinery of production is in full and swift operation. A poor neighbor is a poor customer; a rich neighbor is a good customer. Hence, Mr. Angell contended in his earlier book, war is out of date; it defeats its alleged purpose of "capturing" wealth and trade; were these simple and homely truths well understood by the peoples of the earth, then peace would follow as a matter of course.

In many ways the results of the World War lent support to Mr. Angell's thesis. Leading British "thinkers" had insisted that Great Britain would profit by smashing German shipping and overseas commerce, but the outcome of the war proved that they were wrong. German colonies were seized, German ships transferred to the victors, and German trading houses in all parts of the world closed and ruined. Germany was impoverished. Did Great Britain prosper as a result? The answer of history is plain. The state of British business for thirteen years affords plain evidence.

In this new book by Mr. Angell the old thesis is restated briefly and bolstered by a wealth of new illustrations. But his main interest now is in the causes of war. Why is it that men and women, with the fruits of their past folly before them, continue to talk in the old way and prepare more feverishly than ever for war? The answer

does not lie in their hope of gain from war. The explanation is to be found in their ignorance, their fears, their superstitions, their follies, and their hatreds—many of which are deliberately cultivated by individuals and groups that profit by wars. Men and women simply do not know what is good for them. They were victims of horrible epidemics for thousands of years—until science discovered the causes of epidemics and educated the public to an understanding of preventive measures. For thousands of years men and women believed in witchcraft; in their folly they burnt or hanged thousands, perhaps millions, of people, mainly women; but at last they got rid of this delusion.

So Mr. Angell thinks that in time there will come about a truer understanding of the nature of international trade and intercourse, that all countries will come to see in the prosperity of their neighbors the best promise for their own prosperity. Then the follies and unreason—the unseen assassins—that lead to ruinous wars will drop away and belief in war as an instrument of gain will disappear just as belief in witchcraft and other delusions. To attain this desirable end we must have more realistic thinking about war, many changes in our educational methods, and a general recognition that nations can only live well by honest cooperation with their neighbors.

This transformation, Mr. Angell believes, is not impossible. No citizen now thinks that his rights are infringed because he is not allowed to avenge with his fists any wrong done to him by another citizen. Without any hesitation, as a rule, he takes his case into a court of law and trusts to a judge and jury to uphold his just rights. Sometimes he thinks that he suffers from injustice at the hands of the courts but he does not, on that account, propose to abolish the courts and take up arms to secure what he believes to be his due. There is, of course, some domestic violence, but it is small in proportion to the number of settlements by law. This idea of the peaceful settlement of personal quarrels by lawful methods has been brought about by a long process of painful education, and Mr. Angell is of the opinion that war among nations can be outlawed in time by a similar process of education.

In all this there is little that is new to the student of history. The prime characteristic of Mr. Angell's book is its emphasis on the responsibility of the great mass of men and women for the unreasonable conduct that leads to war. He does not think that a few politicians secretly plot war and bring it about, but contends that politicians can only make war by reflecting



PERSONNEL WORK AS A CAREER © Institute for Research

This field of endeavor has special attraction to those interested in helping individuals to take up work for which they are best fitted.

the angry passions of the multitude. Perhaps the thesis is too simple, but it contains an important element of truth and it is set forth in this book with great cogency and appeal. No one can read these pages without having his mind stretched and his outlook upon the modern world widened.

—CHARLES A. BEARD.

### REVOLUTIONARY TIMES

Since the talk about the bicentennial celebration of the birth of George Washington has brought attention to the American Revolution, "Drums in the Dawn," by John T. McIntyre (New York: Doubleday, Doran, \$2.00) is timely. A historical romance of the time of the revolution, it is interesting reading, fast-moving in action, simple in style and filled with the historic background of that period.

The author builds his plot about the deadly rivalry of two families—rivalry brought about by loot taken from a Spanish galleon. In the background of the plots and counter-plots over this fortune progresses the American Revolution. It remains prominent throughout the story because of the interest taken in it by both the hero and the heroine, members of the rival families. By making one of the families the owners of a powerful shipping concern with important connections abroad, the author is easily able to shift the scene of action to France, thus giving the background of the revolution as it was played in the courts of Europe. We see, for example, how Silas Deane and Benjamin Franklin had to work to win recognition and support; how necessary was the aid of the French king, without whom there was but little possibility that the colonies would be successful against the British; how the American representatives met with sympathy from individual Frenchmen, such as Beaumarchais, long before official aid was forthcoming.

The success of the Americans in winning French support not only decided the issue between England and the colonies, but had an immediate bearing on the rivalry of the two families, especially on the fortunes of the hero and the heroine. After the first few pages, in which the author gives the necessary information for the understanding of the plot, the action becomes faster and moves steadily to an interesting end. Though this is fiction, what impresses the reader is the fact that the best parts of the book are those dealing with the historical background.

### FOR VOCATIONAL GUIDANCE

The Institute for Research, 537 South Dearborn Street, Chicago, is doing such outstanding work in vocational guidance that its material merits the serious consideration of all those who are interested in this field. The Institute publishes a series of studies dealing with vocations and vocational opportunities. The set, which covers fifty-one different vocations, sells for \$39.50. The subscriber has the privilege of consulting the research staff of the Institute concerning any vocational problem which may come up, so the library which subscribes for "Careers" secures not only the material contained in the pamphlets, but also the cooperation of the Institute for Research in the vocational guidance work of the school.

The Institute for Research has a distinguished editorial board. At its head is John A. Lapp, who served on the Federal Commission on Vocational Education by appointment of President Wilson. Other members are George F. Zook, president of the University of Akron; Paul H. Douglas, professor of Industrial Relations at the University of Chicago; Edwin A. Lee, head of the Department of Vocational Education, University of California; Robert L. Cooley, president of the American Vocational Association; and Charles A. Prosser, professor of Vocational Education, University of Minnesota. The staff of the Institute has prepared material dealing with the fifty-one different vocations. In the case of each, authentic information is presented as to the nature of the occupation, its attractive and unattractive sides, the opportunities at the start and the opportunities presented by the occupation as a life work, the principal qualifications necessary, the kind of preparation that is required, the average earnings and the probable earnings of those who make good in a large way, a description of a typical day's work in the occupation, and suggestions as to how to get started in the work.

The price of "Careers," together with the service which goes with it, is of course so great that the material cannot be obtained by the average young person in search of vocational guidance. It is distinctly a reference work for libraries. The price may seem quite a sum for a library to pay, but probably there are few libraries which have not spent a much greater sum for books which render a far less conspicuous service than these vocational studies can render. One of the first obligations of a school is to help place its young people in the work of life, and this can be done only if satisfactory equipment for the study of vocations is made available. It is by such scientific analyses as these that we may hope to do away with the maladjustments in our industrial society.



From the end papers of "Drums in the Dawn," by John T. McIntyre (Doubleday, Doran).





FOR the benefit of new subscribers who are just now beginning the use of THE AMERICAN OBSERVER as a guide to the study of current problems in social science

**Two Reconstruction Experiences**

page should be explained. We have been following the course of American history chronologically, undertaking to keep pace with classes in American history. Our purpose is to examine the events of the different periods which we cover and to find in these events or problems the elements which have lasting significance and to inquire how the experience of these past epochs may be brought into relation with the problems of the present day. Our purpose is to seek in this way to render the study of the past vivid and to throw the historical events and developments into a background against which contemporary situations may be seen more clearly and can be understood more thoroughly.

We come now in our studies to the period following the close of the Civil War and we suggest that this period of reconstruction be looked upon by students of history not merely as a series of events covering two decades, or so, of time, but as a bit of governmental experience which carries with it lessons fit to be studied in our own day.

The men who governed affairs at Washington in 1865 were confronted by problems not wholly peculiar to that particular time—problems which nations are likely to face after having fought a war to a victorious conclusion. An interesting analogy may be drawn between the state of things which existed in 1865 and that which prevailed in 1919. The experience of the American nation from 1865 to 1880 may be compared with that through which the nations participating in the World War have been passing from the day of the Armistice to the present time.

As soon as it was apparent that the cause of the Confederacy was lost, Abraham Lincoln devised a plan of reconstruction—a plan by which normal relations might be restored. It was a moderate plan. It took into account the interests and the feelings of those who were defeated, as well as those who had won. It provided that a southern state could resume its old position in the Union as soon as a tenth of the voters of the state at the presidential election of 1860 should take the oath of allegiance to the United States and should establish a state government pledged to support the acts and decrees proclaimed during the war with reference to slavery.

At first this plan was hailed in the North with enthusiasm. There was no hint of opposition at the moment in Congress, but soon the situation changed. The Lincoln plan was attacked with violence by members of Congress and by strong influences throughout the North. It was declared to be too weak. It was charged that the plan did not safeguard the fruits of victory and that it did not provide security for the government.

We can now see that two sets of motives were at work in the development of this opposition. In the first place, there was a genuine and understandable fear that if those who had been fighting against the Union on the field of battle were at once allowed to participate in the control of the government they would use their influence for disunion. It was thought that they would work for the restoration of

slavery and that they would undo all that the North had succeeded in doing as a result of the military victory. It was said that since the slaves had been freed and had become citizens, the representation in Congress of the South would be even greater than it had been before the war, so that the South, and not the North, would be the gainer as a result of the emancipation, if Lincoln's plans were carried out.

Another motive was unquestionably present in the minds of the anti-Lincoln leaders. Powerful interests wished to use the government for the purpose of establishing policies which would be helpful to themselves. One of these policies was a protective tariff. Those who represented industrial forces, as distinguished from the agricultural, or plantation, forces, had favored such a policy long before the war. Perhaps this policy was a good thing for the whole country, and perhaps it was not. On that point we are expressing no opinion. We say merely that it was a policy which those representing certain industrial sections of the North wanted and which those representing the plantation South had opposed. Now these industrial interests wished to maintain the South in weakness in order that they might be free to establish a scheme of legislation favorable to the industrial North.

There was, therefore, in 1865 and the years following, a conflict of policy as to how the Union should be restored. The so-called "radicals"—the element in opposition to Lincoln, which was led by Henry Winter Davis, Thaddeus Stevens, Charles Sumner and others—stood for

**The "Radical" Plan**

a policy of safeguarding the Union by holding the elements which had been fighting it under an iron heel. These congressional leaders had the idea of keeping the South from exerting a disruptive influence by keeping it so weak that it could exert no influence on the government at all.

We shall not go into detail as to how these plans were carried out. The outline of fact can be found in the history texts. In short, the "radicals" undertook to turn government in the southern states over to the newly emancipated colored population and to white leaders who went into the South from the North, or who, though Southerners, had taken no part in the activities of the Confederacy.

The Lincoln plan was built upon the theory that the best way to insure the safety of the Union and the loyalty to it of those elements who had been in opposition to it, was to make it a union which the defeated elements would find it to their interest to join and support. Lin-

coln thought that if the southern people were allowed to resume control of their governments, were allowed again to participate in the government at Washington, and were accorded fair and just treatment, they would come in time to occupy their old places in the Union, and that a spirit of loyalty would gradually develop.

How this conflict of theories and purposes would have worked out had Lincoln lived, no man can say. He was assassinated in the thick of the fight. His successor, Andrew Johnson, undertook to carry on his policies, but without his rare tact. The result, everyone knows. Lincoln's plan was discarded. His enemies prevailed and carried on the work of reconstruction in a spirit of fear and hatred and greed. The southern people were compelled to endure agonies unparalleled in American history. Economic restoration was long postponed and there developed animosities only now fading from memory.

The analogy between that situation and the one which prevailed at the close of the World War is not complete, but a certain parallel can be discerned.

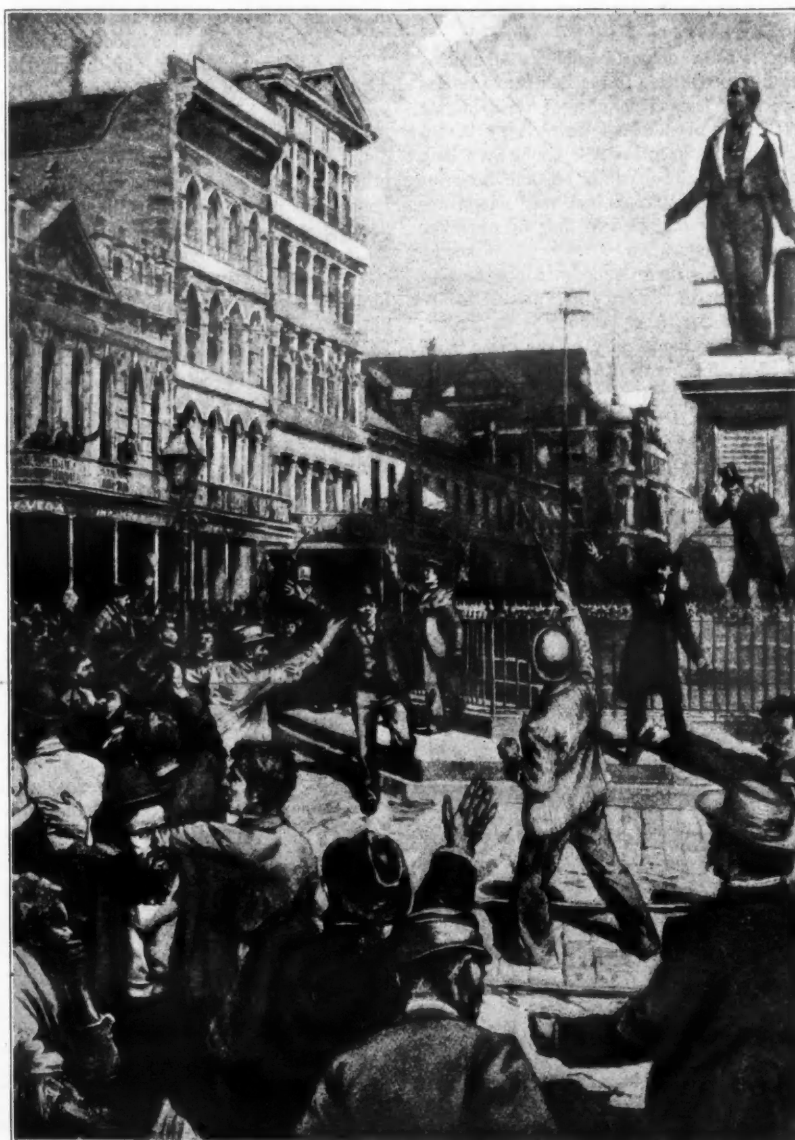
**World War Comparison**

As the war came to a close Woodrow Wilson proclaimed the peace plan embodied in his famous Fourteen Points. It was, too, a moderate plan. It took into account the needs of the defeated as well as the victors. Wilson envisaged a world order in which the Germans might find a place. Once they had shaken off the Hohenzollern monarchy, he was willing to admit them into an association of nations. He stood for the self-determination of peoples—the defeated as well as the victorious. At first his plan was widely proclaimed, as was that of Abraham Lincoln, and then doubts and oppositions quickly appeared. Wilson himself came a little later to accept the theory that reparations so heavy as to place Germany in bondage should be imposed upon her, and such a burden was placed upon the German people by the Treaty of Versailles.

Those who advocated a policy of harshness and repression toward the Germans were actuated by motives similar to those which inspired the congressional leaders of reconstruction days. In part there was an understandable fear that the Germans would become militaristic and powerful again, and would disturb the peace of the world if the heel of the victors were taken from their necks. One can easily understand how the French, who had witnessed the devastation of their country, should tremble at the thought of a revival of German power.

Along with this feeling that security could be maintained only by keeping Germany weak, there was also a desire on the part of those who controlled certain of the European governments to keep Germany weak for purposes of national gain. There is little question but that certain very powerful influences in France are opposed to a settlement of the reparations question until great German industries shall have been brought into an international trust controlled by the French.

There are leaders in each nation today who are trying to reconstruct the world on plans which are conceived in the spirit of Lincoln. They act in accordance with faith—a faith that the best way to insure whole-hearted cooperation among the nations is to take into account the interests of all the nations and to establish a world order which will serve the needs and interests of all.



—From Scribner's Magazine (Culver Service)  
Mass meeting of September 4, 1874, at the Clay Statue in New Orleans during the carpet-bagging period of reconstruction.





THE CROSS OF STEEL  
—Macauley in Brooklyn Daily Eagle

## PLANS PRESENTED AT GENEVA CONFERENCE

(Concluded from page 1, column 1)

for the settling of a controversy. For example, if it were necessary to take a vote, or plebiscite, in any district, in order to determine whether that district should belong to one country or to another, the League police force would be present to see that the ballots were cast fairly and that order was maintained.

### PUNITIVE FORCE

This would be the work of the police force. In addition to this there would be constituted, by the French plan, a punitive force to repress war and to bring immediate assistance to any state which was the victim of aggression by another state. The manner of making up this force would vary according to the locality in which it was to be used. For instance, if a nation in Western Europe, such as France, should be attacked, then France and the countries nearest to her, would make the largest contributions to the punitive force as they would be the most interested parties. The force would therefore vary in strength and in makeup. This punitive force would be stronger than the police force and instead of being established merely for the maintaining of order, its duty would be to punish any nation violating its obligations not to make war.

According to the French plan, this strengthening of the League of Nations would make it unnecessary for the nations of Europe to keep up such heavy armaments. They would feel secure from aggression, for they would know that if they were attacked, the League would stand ready to come to their assistance. Therefore, those nations having heavy bombing aircraft, heavy long-range artillery, large battleships and submarines would agree to place them at the disposal of the League of Nations. In case of emergency, rendering necessary the use of strong measures, the League could draw on these forces at will. However, since there would always remain some danger that a nation might be flagrantly aggressed upon by another, the nation attacked, in order to protect itself, would be permitted to make use of all its fighting forces to repel the attack. The fact that a nation had agreed to place its forces at the disposal of the League would not keep it from using them for the purpose of self-protection.

These are the provisions contained in the French plan proposed by M. Tardieu, in order to empower the League to enforce peace. In addition it provided for the establishment of an international air transport service under the control of the League. No private individuals or corporations would be permitted to construct heavy commercial planes capable of being turned into bombing planes in case of war, unless special permission were granted by the League. It is planned that such permission would only be given to individuals

or organizations forming a part of the international transport system over which the League would have jurisdiction.

Lastly, the proposals delivered before the conference by M. Tardieu advocated the abandonment of the practice of using bombs to spread fire and gas in wartime, in the event that a conflict should actually come into being. The nations would also agree, if they should resort to bombardment, to aim their bombs or other projectiles at areas not occupied by civilians.

### DIFFICULTIES

The French recognize that these provisions would be unworkable and highly impractical unless other things could be done. In the first place there would have to be a better definition of the term, "aggressor," than that which exists at present. It is

practically impossible to determine who is the attacker in the case of conflict. One country blames the other and charges it with being the aggressor. Both contend that they are using defensive measures only. There is an excellent illustration of this just at present in the Far East. Both Japan and China vehemently deny that they are aggressors. Both say that they are defending themselves. And while they are arguing the point, a state of virtual warfare exists. Therefore, in order to render League intervention possible, it would be necessary to decide beforehand the exact meaning of aggression. Should it mean the first to take up arms, or the one to offer provocation? The question cannot easily be answered.

Furthermore, it would be necessary, the French plan holds, to enforce compulsory arbitration more effectively than it is enforced today. A nation must be made to seek settlement for a dispute by peaceful means only, and must take to fighting only as the very last resort. The police force would assist in making arbitration compulsory, for it would be ready at any moment to step into a dispute. But the League must be prepared to make a quick decision as to whether it should use the police force. Delay would bring dangers, as has also been demonstrated by the Far Eastern incident.

In the case of nations not belonging to the League of Nations the French propose that an international organization be established to operate in the same way as the League of Nations would for its member states. The French statement did not go into further detail about this aspect of the problem.

### GREAT BRITAIN

While the French plan was the most outstanding to be presented at the conference there were also many ideas and suggestions offered by other nations. A few days after M. Tardieu had made his statement, the British views on the problem of armaments were set forth by Sir John Simon, the foreign secretary. The suggestions made by Great Britain were by no means as far reaching as those made by France. She proposed, first, that the nations agree to arm themselves only to the extent necessary for national defense. Fighting forces should be reduced as much as possible and the countries should agree not to exceed those limits. Secondly, the British proposed that the use of gas, germs, and bombing from the air in time of war should be prohibited. Submarines should also be done away with, according to the British point of view.

### UNITED STATES

Our ambassador to Bel-

gium, Hugh S. Gibson, who heads the American delegation to Geneva in the absence of Secretary Stimson, made a speech before the conference on February 9, in which he announced the policy of this country. After stating that we would consider any form of limitation or reduction of armaments which promised to contribute to real progress to the cause of disarmament, he set before the conference nine points on which our policy is based. The most important provisions contained in these nine points were: 1. The prolonging of the naval treaties concluded at Washington in 1921 and at London in 1930, and the acceptance of the latter, or London Naval Treaty, by France and Italy, which countries disagreed and did not sign. 2. Further reduction in naval tonnages now prescribed in those treaties, as soon as France and Italy shall have accepted the London Treaty. 3. The total abolition of submarines. 4. Protection of civilians against bombing from the air. 5. Abolition of gas and chemical warfare. 6. The reduction of armed forces to the lowest possible point, taking into consideration the necessity for maintaining internal order or for the assurance of national defense. 7. Restrictions on the use of tanks and heavy moveable guns. 8. Willingness to consider a limitation of expenditure for armaments as one of the methods to help bring about actual limitation. These were the specific points or suggestions proposed by Ambassador Gibson. The ninth was more general, stating that we would consider any new proposals.

### GERMANY AND ITALY

Chancellor Heinrich Brüning made a special trip to Geneva to state the point of view of his people. Dr. Brüning said that Germany had been made to disarm after the war, and that she must demand that other nations disarm so that the fighting forces would become equal and all countries would feel equally secure. The Germans feel that they have a right to make such a demand because the nations which obliged Germany to disarm agreed to bring their own armaments down to levels similar to hers. This has not been done, and the Germans now state that mere limitation of armaments is not sufficient. They must be drastically cut.

Foreign Minister Grandi was Italy's spokesman before the conference. He made the following specific proposals on behalf of his government: The abolition of all battleships, submarines and aircraft carriers; the abolition of all bombing aircraft, of heavy artillery and tanks; the prohibition of all kinds of chemical warfare; new laws to insure the protection of civilians in time of war. Signor Grandi called for greater equality in armaments

among all the nations of Europe.

### JAPAN AND RUSSIA

Ambassador Tsuneo Matsudaira, who heads the Japanese delegation to Geneva, said that in spite of the situation in the Far East, Japan is as "eager as ever to further the cause of disarmament." He stated that his country favored a reduction in the size of battleships, reduced tonnage in aircraft carriers, limits on the use to which all classes of naval vessels may be put, the forbidding of air bombardments and the new practice of making war with poison gases and bacteria.

The Soviet government once more made the proposal which it has made on previous occasions. Speaking for his government, Maxim Litvinoff said that the only way to do away with war was to abolish all arms and armies. However, M. Litvinoff made it plain that Russia did not hope or expect that this would be accomplished. As a means to the desired end, the Soviet government would be willing to agree to the complete abolition of tanks, long-range artillery, battleships, large guns, aircraft carriers, dirigibles, heavy bombing planes, and chemical warfare. It likewise advocated the principle of equal rights for all nations participating in the conference and equal security for all.

These, in brief, are the principal provisions contained in the proposals made by the foremost world powers. It is through a discussion of the points and suggestions here outlined that progress can be made and an agreement eventually reached. The reasons for differences in opinion will be considered in a later article.

### PHILIPPINES

Committees of both houses of Congress spent a great deal of time during the first half of February discussing Philippine independence. In the investigations, a sharp controversy arose between Secretary of War Hurley and senators and representatives who have been urging independence. Mr. Hurley, who made an extended tour of inspection of the islands during the latter part of 1931, stated in plain terms that he did not favor independence until the Filipinos are better prepared for self-government. "Until the Filipino people shall have made greater progress toward economic independence, political independence would merely invite revolution and anarchy," he said. The discussions have centered upon a bill before both houses, designed to grant freedom to the Philippines in five years' time. Those who favor its enactment believe that the Filipinos would be able to prepare for the change within that period.



FIRST SESSION OF THE WORLD DISARMAMENT CONFERENCE © W. W. Photos  
On February 2, representatives of almost sixty nations assembled at Geneva to take part in the opening of the great conference which is now in session.



# La Follette-Costigan Relief Measure Defeated by 48-35 Vote in Senate

Democrats and Progressives Split on Measure; Compromise Proposal Expected to Gain Support Soon; Bill Was Based on Wide Investigation

Direct relief for the unemployed by the national government was voted down in the Senate last week, forty-eight to thirty-five. It is by no means certain, however, that the proposal is dead. Several senators who favor federal aid to those in distress voted against the La Follette-Costigan measure because they did not like certain of its provisions. Senator Black of Alabama, a progressive Democrat who believes in direct national relief of some sort, led a group in opposition to this bill because it gave authority to a national commission or bureau located in Washington to distribute relief funds among the states. He thought the states themselves should be allotted funds to use as they saw fit. It seems probable that an effort will be made to bring up the question of federal relief in another form later. Since the question is not definitely settled, and since the debate in the Senate involved very far-reaching principles of government, it is worth while to examine some of the points at issue.

The bill, it will be remembered, called originally for an appropriation of \$375,000,000, part of which was to be distributed to the states on the basis of population for use during the present year, the rest to be distributed among the states on the basis of need, decision resting with a Federal Emergency Relief Board appointed by the president.

## THE ISSUES

The debate in the Senate was rather one-sided. Opponents of the bill, for the most part, refrained from discussion, not because they approved the measure, but because they preferred to keep still and then vote against it. There were enough interchanges of opinion, however, to indicate the positions taken by the different groups. These debates hinged upon a number of points. Several questions stand out clearly. Among them are the following: (1) How great is the need for relief? (2) Can adequate relief be given by states and cities and by private charity? (3) Would direct relief by the national government constitute a dangerous precedent? With respect to the first question there

was not much dispute. Senators La Follette and Costigan presented a mass of evidence showing that a grave emergency exists and that millions of people are without work and without means of subsistence. There was a difference of opinion with respect to the second question. Can the local authorities and private charity take care of the situation without help from the national government?

In answer to this question Senator La Follette reported the results of a questionnaire which had been sent out to 810 cities and towns in all quarters of the United States. Some of the cities did not reply definitely, but of those which sent in the information requested, the majority reported a startling increase of unemployment. In 156 cities the increase was up to fifty percent over last year. In 115 cities it was between fifty and one hundred percent. In eighty-five cities unemployment had more than doubled. Only thirteen showed a decrease, while fifty or sixty reported no change.

## LOCAL MEANS

In many cases relief appropriations by local administrations have not increased to meet the added burden, or have increased only a trifle. Some cities are bankrupt and others have followed a policy of leaving everything to charity. A few were able to report success in their fight to prevent actual suffering. Two hundred eighty-five cities reported that they were unable to borrow any more money, while 204 stated that their credit was still good. The report from 305 cities, with 9,711,100 inhabitants, called for federal aid, while the reports from 215 cities, with a total population of 4,618,011, opposed it. Others stated that they did not wish direct government aid, but favored a federal construction program which would furnish work to the unemployed.

Senator La Follette quoted this statement, made by Mayor Cermak of Chicago to newspapers on January 21:

Unless relief is granted by February 1, nobody knows what will happen. Where we had one applicant before we have five seeking help today. On the other hand, from the contributor who gave us \$1,000 a year ago we are lucky to get \$100 today. The man who gave \$100 then can only afford \$10 now. And they who gave us \$25 or \$10 then are today knocking on our door for relief.

Several members of President Hoover's Organization for Unemployment Relief, including its director, Mr. Walter S. Gifford, were questioned by Senator Costigan in the hearings which preceded the Senate debate, and their testimony indicated that they had little information about the needs of any but important city districts. They did not have adequate information about conditions in rural communities.

To the charge

that the local authorities and private charity are not dealing adequately with the problem and are not raising funds sufficient to relieve suffering, there was no effective reply in the course of the debates. Suggestions have been made in the press that the people of a community can take care of their own poor as well as they can make contributions to a national fund which will distribute relief supplies, and that, therefore, local taxation to meet the emergency is better than national taxation. The answer to this is, of course, that the national government has a different system of taxation and can tap sources of revenue that local governments cannot reach.

## REPUBLICAN CASE

The principal argument made by the opponents of federal relief has been one of principle. They contend that it is dangerous for the federal government to embark on a policy of gifts to the needy. They say that gifts, or doles, by local authorities are not likely ever to become serious because the money for such contributions must be raised by the people living in the immediate community. They contend, however, that the federal government seems to the people to be something far off. Money that comes from it does not appear to flow from the pockets of their immediate neighbors, and that hence, if a policy were ever inaugurated of having the national government make contributions to people who are in need, the demands for such relief might grow and assume dangerous proportions. It is said that relief such as that suggested by the La Follette-Costigan bill might serve as a precedent for future measures which would impoverish the government and pauperize large sections of the population. Senator Fess, a regular Republican leader of the Senate, who is supposed to represent the views of President Hoover, said:

Once we start appropriating for the unemployed, the flood gates will be opened. There is no limit to the demands of men out of work. They will demand that the government take care of them, and say "the government owes me a living."

## BORAH ANSWERS

The reply to that argument was that contributions from the government at a time of grave emergency, such as the present when millions of people are in actual distress through no fault of their own, could not be said to constitute a precedent for the doling out of money in ordinary times. It would be a precedent merely for relief in times of emergency such as the present. Senator Borah, of Idaho, pointed out that the national government is, through the recent reconstruction measures, going to the aid of great corporations which are in need. It is lending, rather than giving, the money, to be sure, but Senator Borah asks whether federal assistance is to be reserved to those who have security and are able to borrow. "I am complaining," he declared, "that men who voted to take money out of the treasury to revive business are now unwilling to take money to save human lives. The issue is materialism against humanity."

Ecuador, one of the two countries in South America which had managed to maintain a gold standard for the currency, has finally abandoned the attempt and has added her name to the long list of those headed by Great Britain last September.



MY COUNTRY 'TIS OF THEE!

—Talbot in Washington News

## Berlin Protests Action at Memel

Lithuanians Arrest Council President and Take Control

The city of Memel, a seaport on the Baltic, has constituted a problem which has placed a continual strain upon the relations between Germany and Lithuania. About two weeks ago, something happened which aroused Berlin to anger, and made matters even more unpleasant than before. The situation arose out of the peculiar way in which Memel was governed. Originally, it was a German city, but was taken by the Allies after the World War. Lithuania claimed it, but the vote taken among the inhabitants in 1921 showed that ninety per cent of them were Germans and opposed annexation by Lithuania. A temporary French administration was therefore set up. In 1923, however, the French decided to invade the Ruhr valley in Germany; at the same time, Lithuanian troops stormed Memel and took control. This conquest was recognized by the League of Nations in July, 1924. However, a special agreement was drawn up, providing for a unique type of government in the disputed city. Although officially Lithuanian territory, it was to be autonomous, that is, self-governing. The governor of the Memel district, appointed by the Lithuanian government, was empowered to name the president of the municipal council, or Diet, of Memel. This body was to be elected by the people and was to have complete control over the president.

Such is the manner in which Memel has been governed since 1924. However, about two weeks ago, Dr. Otto Boettcher, president of the municipal Diet, was arrested and held by Lithuanian authorities. It is believed that the Lithuanian government became displeased with him for being too friendly with German officials in Berlin. In any case, he was requested to resign, but refused, on the grounds that he was responsible only to the Diet, which supported him very decidedly. For this reason, he was deposed and arrested. The Diet was asked to name another president, but refused, affirming its faith in Dr. Boettcher. Consequently, a council appointed directly by the Lithuanian government was set up to replace the Diet.

In the eyes of the German government, this constitutes a violation of the League of Nations' decision with regard to Memel. Consequently, Chancellor Brüning made a vigorous protest to the League of Nations while in Geneva recently. The matter has been referred to the World Court.



NOW LOOK WHAT'S TRYING TO CREEP IN

—Ray in Kansas City Star